

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20544**

In the Matter of)	
)	
Facilitating the Provision of Spectrum-Based)	WT Docket No. 02-381
Services to Rural Areas and Promoting)	
Opportunities for Rural Telephone Companies)	
To Provide Spectrum-Bases Services		

**Reply Comments of
Rock Hill Telephone Company,
Fort Mill Telephone Company, and Lancaster Telephone Company**

Rock Hill Telephone Company d/b/a Comporium Communications, Fort Mill Telephone Company d/b/a Comporium Communications, and Lancaster Telephone Company d/b/a Comporium Communications (collectively "Comporium") hereby submit these reply comments to the Federal Communications Commission ("FCC" or "Commission") in response to certain comments submitted to its Notice of Inquiry released December 20, 2002 in the above referenced proceeding.¹

The Comporium companies are rural local exchange carriers ("RLECs") that provide wireline telephone service to

¹ In the matter of Facilitating the Provision of Spectrum-Based Services to Rural Areas and Promoting Opportunities for Rural Telephone Companies To Provide Spectrum-Based Services, Docket 02-381 Notice of Inquiry.

approximately 100,000 access lines in portions of York, Lancaster, Chester, and Kershaw counties in the South Carolina Piedmont region. Our companies have provided local exchange service for over 100 years.

We appreciate the opportunity to comment on how spectrum-based services can be promoted in rural areas. Companies serving rural areas face financial obstacles in building a wireless network. Our reply comments will address how public policies can be continued and enhanced to lower the cost thresholds to providing wireless based services. We recommend the following actions for consideration.

1. Establish licenses that cover smaller geographic areas.
2. Encourage partitioning of license areas by setting build-out requirements based on geography as well as population.
3. Offer bidding credits to providers that commit to build out a wireless infrastructure to rural areas.

We currently hold licenses for 1900 MHz PCS B Block spectrum as a result of our partitioning from Cingular in York, Chester, Lancaster, and Kershaw counties of South Carolina. We were only able to acquire this via partitioning,

since we could neither afford nor utilize the entire license otherwise.

Assignment of the spectrum in a manner that allows small and midsize RLECs and other small participants to utilize it in cost effective arrangements for the benefit of their subscribers has the potential to promote the development of new wireless-based services to rural areas.

We strongly support the adoption of an MSA/RSA licensing approach as described in the comments of the Organization for the Promotion and Advancement of Small Telecommunications Companies and the Rural Telecommunications Group (OPASTCO/RTG)². An auction process for spectrum should offer license areas at the Metropolitan Service Area (MSA), Rural Service Area (RSA), or smaller, perhaps county area, levels to allow smaller companies at least a chance to compete for spectrum. Establishing licenses no smaller than Metropolitan Trade Area (MTA) or Economic Area (EA) blocks effectively locks smaller participants such as the Comporium Companies out of the bidding process. In general, establishing licenses only by large geographical area diminishes the number of applicants likely to bid on an area, thus reducing the number

² Comments of OPASTCO/RTG, pages 8-10.

of participants, the availability of service, and the level of competition.

We are in full agreement with OPASTCO/RTG regarding performance standards for license holders³. The setting of build-out requirements for spectrum owners should be done by geographic coverage thresholds in addition to population-based measures to create incentives for large spectrum area owners to partition rural areas with smaller entities like small and midsize RLECs.

To create a large network, a large license area is needed to ensure continuity. However a flaw lies in that a large company has a financial incentive to build out to the most highly traveled and populated corridors over a large license area. Small companies need access to spectrum in areas the larger company may have no plans or little incentive to build out. A large company typically can meet the FCC's population-based build out requirements by just building the major cities and interstate corridor. However, much of the geography and many people are left behind in this scenario.

Our partitioning of spectrum from Cingular has proved to be beneficial to Comporium, Cingular, and the wireless customers using the network built by Comporium for this partnership. This partnership has provided Cingular with a

³ Comments of OPASTCO/RTG, pages 12-13.

presence in an area that would have likely been unobtainable from an economic basis. It provided the Comporium companies with an opportunity to offer a nationally branded digital PCS service with excellent coverage in virtually every location in our operating area. It provided our customers with an excellent choice for reliable wireless service.

There are financial obstacles to building the infrastructure required to provide spectrum-based services in rural areas. Bidding credits for RLECs and others willing to commit to serving rural areas could be a catalyst for growth of wireless service in those areas. We support the OPASTCO/RTG comments regarding the extension of bidding credits to rural telephone companies as a separate class of designated entity⁴. The costs to provide spectrum-based services in rural areas are greater per potential subscriber than in more densely populated areas for several reasons. To build a wireless network, tower sites are needed at certain, minimum, intervals regardless of the population in the area. The physical costs of a tower (steel, mounts, pads and such) are much the same regardless of whether the sites are in a rural or more densely populated area. The cost of acquiring ground space is not directly proportional to the value of the land because of expectations set by large tower build-to-suit

⁴ Comments of OPASTCO/RTG, pages 10-11.

companies. This makes rural sites even more expensive proportionally for the population they serve. Base costs are fixed for rural sites or sites in more densely populated areas. Land must still be leased and surveyed. Studies must be run to check for environmental issues as well as historical and tribal interests. Geotechnical surveys are required. Zoning can be just as demanding depending on the community.

As the cost of the actual tower is not directly proportional to population density, electronics costs are not either. The tower accounts for most of the investment at a tower site. Radios are added to increase capacity incrementally. The majority of the cost of the tower site (including electronics) is constant with a small incremental investment for additional radio electronics, lines and antennas in more densely populated areas. We recently put a rural site on air with an investment of \$103,000 in radio electronics. A more urban site was also added along an interstate with double the radio capacity with an investment of \$117,000 in radio electronics.

Generally, you have less potential customers to support the same or similar tower site investment in rural areas as opposed to urban areas. While an urban tower site may work near its maximum utilization capacity, a rural site will generally not have the potential subscribers to approach a

high utilization percentage, thus increasing its cost per subscriber. Also rural telephone companies often pay much more for the same equipment than a large national carrier that receives significant discounts.

The primary use of spectrum by the Comporium companies is for the provision of Block Personal Communication Service (PCS), but other potential uses exist. For example, acquisition of appropriate frequencies could serve as an opportunity to offer broadband services to rural areas that do not justify fiber infrastructure investments. Use of radio frequencies could also provide a viable emergency backup for customers in need of alternate communication systems in the rare case of a wireline service outage.

If the primary goal is to foster as many spectrum-based applications in rural areas as possible, a licensing methodology that provides opportunities and incentives for small and large providers to work together can make spectrum-based services a solution for many needs in rural areas.

Respectfully submitted,

By: Matthew L. Dosch
Vice President of External Affairs
Comporium Group